DEPARTMENT OF COMMERCE

International Trade Administration

[A–602–806, A–570–919]

Notice of Initiation of Antidumping Duty Investigations: Electrolytic Manganese Dioxide from Australia and the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: September 17, 2007.

FOR FURTHER INFORMATION CONTACT: Hermes Pinilla at (202) 482–3477 (Australia) or Eugene Degnan at (202) 482–0414 (People's Republic of China), Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

INITIATION OF INVESTIGATION

The Petitions

On August 22, 2007, the Department of Commerce (Department) received petitions concerning imports of electrolytic manganese dioxide (EMD) from Australia and the People's Republic of China (PRC) filed in proper form by Tronox LLC (the petitioner). See *Antidumping Duty Petitions on Electrolytic Manganese Dioxide from Australia and the People's Republic of China* (August 22, 2007) (Petitions). The petitioner is a domestic producer of EMD. On August 29, 2007, the Department issued a request for additional information and clarification of certain areas of the Petitions. On September 4, 2007, in response to the Department's request, the petitioner filed an amendment to the Petitions. See *Electrolytic Manganese Dioxide from Australia and the People's Republic of China; Petitioner's Response to the August 19, 2007, Questions from the U.S. Department of Commerce* (September 4, 2007) (Supplemental Responses).

In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), the petitioner alleges that imports of EMD from Australia and the People's Republic of China (PRC) are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act and that such imports are materially injuring, or threatening material injury to, an industry in the United States. The petitioner also alleges that sales of EMD by the Australian producer to Japan were made at prices below the cost of production (COP).

The Department finds that the petitioner filed these Petitions on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) of the Act and has demonstrated sufficient industry support with respect to the initiation of the antidumping–duty investigations that the petitioner is requesting. See the ''Determination of Industry Support for the Petitions'' section below.

Period of Investigation

Because the Petitions were filed on August 22, 2007, the anticipated period of investigation (POI) for Australia is July 1, 2006, through June 30, 2007. The anticipated POI for the PRC is January 1, 2007, through June 30, 2007. See 19 CFR 351.204(b).

Scope of the Investigations

The merchandise covered by each of these investigations includes all manganese dioxide (MnO_2) that has been manufactured in an electrolysis process, whether in powder, chip, or plate form. Excluded from the scope are natural manganese dioxide (NMD) and chemical manganese dioxide (CMD). The merchandise subject to these investigations is classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 2820.10.00.00. While the HTSUS subheading is provided for convenience and customs purposes, the written

description of the scope of these investigations is dispositive.

Comments on Scope of Investigations

We are setting aside a period for interested parties to raise issues regarding product coverage. See, *e.g., Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit such comments within 20 calendar days of signature of this notice. Comments should be addressed to Import Administration's Central Records Unit (CRU), Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers who support the petition account for (i) at least 25 percent of the total production of the domestic like product and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers accounting for more than 50 percent of the total production of the domestic like product, the Department shall (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A) or (ii) determine industry support using a statistically valid sampling method if there is a large number of producers in the industry.

Section 771(4)(A) of the Act defines the ''industry'' as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information because the Department determines industry support at the time of initiation. Although this may result in different definitions of the domestic like product, such differences do not render the decision of either agency contrary to law. *See Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), aff'd 865 F.2d 240 (CAFC 1989).

Section 771(10) of the Act defines the domestic like product as ''a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the domestic like–product analysis begins is ''the article subject to an investigation,'' *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

With regard to the domestic like product, the petitioner does not offer a definition of domestic like product distinct from the scope of the investigations. Based on our analysis of the information submitted on the record, we have determined that EMD constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like–product analysis in these cases, see the *Antidumping Duty Investigation Initiation Checklist: Electrolytic Manganese Dioxide from Australia (Australia Initiation Checklist)* at Attachment II and the *Antidumping Duty Investigation Initiation Checklist: Electrolytic Manganese Dioxide from the People's Republic of China (PRC) (PRC Initiation Checklist)* at Attachment II, on file in the Central Records Unit, Room B–099 of the main Department of Commerce building.

Our review of the data provided in the Petitions, Supplemental Responses, and other information readily available to the Department indicates that the petitioner has established industry support. With regard to the Australia Petition, the domestic producers have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers who support the Australia Petition account for at least 25 percent of the total production of the domestic like product. Second, the domestic producers have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers who support the Australia Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Australia Petition. Because the Petition established support from domestic producers accounting for more than 50 percent of the total production of the domestic like product, the Department is not required to take further action in order to evaluate industry support, *e.g.*, polling. See section 732(c)(4)(D) of the Act. Accordingly, the Department determines that the Australia Petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. See *Australia Initiation Checklist* at Attachment II.

With regard to the PRC Petition, based on information provided in the Petition, we determine that the domestic producers have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers who support the PRC Petition account for at least 25 percent of the total production of the domestic like product. The Petition did not establish support from domestic producers accounting for more than 50 percent of the total production of the domestic like product, however, and the Department was required to take further action in order to evaluate industry support. See section 732(c)(4)(D) of the Act. In this case, the Department was able to rely on other information, in accordance with section 732(c)(4)(D)(i) of the Act, to determine industry support. See *PRC Initiation Checklist* at Attachment II. Based on information provided in the Petition and other submissions, the domestic producers have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers who support the PRC Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the PRC Petition. Accordingly, the Department determines that the PRC Petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. See *PRC Initiation Checklist* at Attachment II.

The Department finds that the petitioner filed the Petitions on behalf of the domestic industry in accordance with section 732(c)(4)(A) of the Act. The petitioner is an interested party as defined in section 771(9)(C) of the Act and it has demonstrated sufficient

industry support in favor of the initiation of the antidumping duty investigations. See *Australia Initiation Checklist* at Attachment II and *PRC Initiation Checklist* at Attachment II.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than normal value. The petitioner contends that the industry's injured condition is illustrated by reduced market share, lost sales, smaller production, reduced capacity, a lower capacity–utilization rate, fewer shipments, underselling, price depression or suppression, lost revenue, decline in financial performance, and increase in import penetration. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. See *Australia Initiation Checklist* at Attachment III and *PRC Initiation Checklist* at Attachment III.

Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department based its decision to initiate investigations of imports of EMD from Australia and the PRC. The sources of data for the deductions and adjustments relating to U.S. price and normal value are discussed in greater detail in the *Australia Initiation Checklist* and *PRC Initiation Checklist*. We corrected certain information in the petitioner's margin calculations and these corrections are set forth in detail in the *Initiation Checklists*. Should the need arise to use any of this information as facts available under section 776 of the Act, we will re–examine this information and may revise the margin calculations if appropriate.

Alleged U.S. Price and Normal Value: Australia

The petitioner calculated a single export price using the POI–average unit customs values (AUVs) for U.S. import data, as reported on the ITC's Dataweb for the POI. The petitioner deducted an amount for foreign inland–freight costs. See Petition at Exhibit 11, Supplemental Responses at Exhibit R, and *Australia Initiation Checklist*.

In calculating the export price, the petitioner relied exclusively on AUV data with respect to U.S. imports from Australia under the HTSUS number 2820.10.00.00. This HTSUS number is a ''basket category'' as it includes both subject EMD and non–subject chemical manganese dioxide (CMD) and natural manganese dioxide (NMD). The petitioner used PIERS data to demonstrate that the imports under HTSUS number 2820.10.00.00 are in fact overwhelmingly subject merchandise because PIERS provides more specific product–identification information than official U.S. Census data as reported on the ITC's Dataweb import statistics (Dataweb). See Petitions at Exhibit 10. In addition, the petitioner provided information that indicates that there are no producers of CMD or NMD in Australia and that the majority of imports under this HTSUS number are from a company that only produces EMD. See Petitions at Exhibit 3. Therefore, in this case, we find that the petitioner has provided information on the record that supports its position that the overwhelming percentage of the imports from Australia are, in fact, within the scope of the investigation. As such, we are able to conclude that most, if not all, of the imports from Australia under this HTSUS number are EMD and are, therefore, adequate figures upon which to base export prices for Australia.

With respect to normal value, the petitioner provided information that there were no sales in commercial quantities of EMD in the home market during the POI and that home–market prices were not reasonably available. *Id.* The petitioner proposed Japan as the largest third–country comparison market and demonstrated that Japan is a viable third–country market. See Petitions at Exhibit 15. The petitioner provided Global Trade Atlas EMD import data for exports from Australia into Japan and compared them with U.S. EMD import data for imports from Australia. According to these figures, the sales volume to Japan was greater than five percent of the sales volume to the United States. The petitioner compared third–country prices with an estimate of the cost of producing EMD in powder form by Delta EMD Australia Pty Ltd. (Delta). Because these data indicate that sales of EMD were made at prices below the product's COP, the petitioner requests that the Department initiate a cost investigation of Delta.

The petitioner has provided information demonstrating reasonable grounds to believe or suspect that sales of EMD from Australia to Japan were made at prices below the fully absorbed COP within the meaning of section 773(b) of the Act and has requested that the Department conduct a country–wide sales–below-cost investigation. See our analysis of the allegation below. An allegation of sales below cost in a petition does not need to be specific to individual exporters or producers. See, *e.g.*, Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103 316, Vol. 1, at 833 (1994). Thus, the Department will consider allegations of below–cost sales in the aggregate for a foreign country. *Id.* Further, section 773(b)(2)(A) of the Act requires that the Department have ''reasonable grounds to believe or suspect'' that below–cost sales have occurred before initiating such an investigation. Reasonable grounds exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below–cost prices. See section 773(b)(2)(A)(i) of the Act.

The Department has calculated a country–specific COP for EMD in Australia. Based upon a comparison of sales prices of EMD in Japan and the country–specific cost of producing the product, we find reasonable grounds to believe or suspect that sales of EMD produced in Australia and sold in Japan were made at prices below the COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country–wide cost investigation with regard to sales of EMD from Australia to Japan. If we determine during the course of this investigation that the home market, *i.e.*, Australia, is viable or that Japan is not the appropriate third–country market upon which to base normal value, our initiation of a country–wide cost investigation with respect to sales to Japan will be rendered moot. Because the petitioner alleged sales below cost pursuant to sections 773(a)(4), 773(b), and 773(e) of the Act, the petitioner also based normal value for sales of EMD on constructed value.

Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing (COM), selling, general, and administrative expenses (SG&A), financial expenses, and packing expenses. To calculate the COM, the petitioner relied on its own costs during the 2006 fiscal year, adjusted for known differences between the costs in the United States and the costs in Australia. The petitioner obtained all of the cost differences between the United States and Australia that were used to calculate the COM from public sources. The petitioner used its own factory–

overhead costs (FOH) as a conservative estimate of the Australian FOH. This is because the petitioner's facilities are older than Delta's and would thus likely have lower depreciation. Also, the petitioner states that, according to Delta's annual report, it has limited production in Australia, which would increase Delta's actual per–unit cost of FOH.

Because Delta's unconsolidated financial statements were not reasonably available, the petitioner used the financial statements of an Australian zinc producer because, it asserts, zinc undergoes a production process similar to EMD. The petitioner calculated SG&A and profit ratios using the 2006 consolidated financial statements of Zinifex Ltd. (Zinifex), an Australian conglomerate that has mining, smelting, and alloy segments that produce zinc. The petitioner calculated a financial–expense ratio based on the 2006 consolidated financial statements of Delta's parent company, Delta PLC. Where the petitioner used constructed value to determine normal value, it added an amount for profit from Zinifex's financial statements.

We adjusted the petitioner's calculation of SG&A and profit ratios by using information from Delta PLC's consolidated financial statement pertinent to the Australian EMD segment of its business. We used Delta PLC's financial records because these records included Delta's actual costs of producing the merchandise under consideration. See *Australia Initiation Checklist* for a full description of the petitioner's methodology and the adjustments we made to those calculations.

Alleged U.S. Price and Normal Value: The People's Republic of China

The petitioner based its U.S. price calculation on the POI–AUVs of U.S. imports from the PRC under HTSUS number 2820.10.00.00, as reported on the ITC's Dataweb for the POI. As noted above in the ''Alleged U.S. Price and Normal Value: Australia'' subsection, the petitioner demonstrated, using PIERS data, that the overwhelming percentage of the imports into the United States from the PRC were of subject EMD. The petitioner calculated an average Net U.S. Price for PRC alkaline–grade EMD by subtracting an estimate of foreign inland–freight costs from the AUV of imports for the POI. See *PRC Initiation Checklist* at 5.

Because the Department considers the PRC to be a non–market-economy country (NME), the petitioner constructed normal value based on the factors–of-production methodology pursuant to section 773(c) of the Act. Recently, the Department examined the PRC's market status and determined that NME status should continue for the PRC. See *Memorandum from the Office of Policy to David M. Spooner, Assistant Secretary for Import Administration, Regarding the People's Republic of China Status as a Non–Market Economy*, dated August 30, 2006. (This document is available online at http://ia.ita.doc.gov/download/prc–nme-status/prc–lined-paper–memo–08302006.pdf.) In addition, in two recent investigations, the Department also determined that the PRC is an NME country. See *Final Determination of Sales at Less Than Fair Value: Certain Activated Carbon from the People's Republic of China*, 72 FR 9508 (March 2, 2007), and *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007). In accordance with section 771(18)(C)(i) of the Act, the NME status remains in effect until revoked by the Department. The presumption of the NME status of the PRC has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the normal value of the product is based appropriately on factors of production valued in a surrogate market–economy country in accordance with section 773(c) of the Act. During the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

The petitioner asserts that India is the most appropriate surrogate country for the PRC because India is a significant producer of comparable merchandise and at a level of economic development comparable to the PRC. See Petition at 23. Based on the information provided by the petitioner, we believe that the petitioner's use of India as a surrogate country is appropriate for purposes of initiating this investigation. After the initiation of the investigation, we will solicit comments regarding surrogate–country selection. Also, pursuant to 19 CFR 351.301(c)(3)(i), interested parties will be provided an opportunity to submit publicly available information to value the factors of production within 40 calendar days after the date of publication of the preliminary determination.

The petitioner provided dumping–margin calculations using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. The petitioner calculated normal value for the U.S. price discussed above based on its own consumption rates for producing alkaline–grade EMD which it stated should be similar to the consumption of PRC producers. The petitioner used its own consumption figures for the period covering July 1, 2006, through December 31, 2006. See Petitions at 23–24 and Exhibits 22 and 27, Attachment B. The petitioner states that, while the producer in the United States uses only manganese dioxide ore to produce EMD, producers in the PRC use both manganese dioxide ore and manganese carbonate ore to produce EMD. See Petitions at 23–24 and Exhibit 3. The petitioner explains, however, that, because it does not have reliable usage–rate data for PRC carbonate ore and because the petitioner reasonably believes that several producers/exporters in the PRC use manganese dioxide ore to manufacture EMD, the petitioner's allegations are based on its own usage rate for manganese dioxide ore. *Id.* The petitioner stated that it made no adjustments to the normal–value calculations because no known material differences exist between its production process in the United States and the manufacturing experience in the PRC. See Supplemental Responses at 8 and Exhibit A. Thus, the petitioner has assumed, for purposes of the Petitions, that producers in the PRC use the same inputs in the same quantities as those it uses.

For the normal–value calculations, pursuant to section 773(c)(4) of the Act, the petitioner used surrogate values from a variety of sources, including Monthly Statistics of Foreign Trade of India, Volumes I and II, Directorate General of Commercial Intelligence & Statistics (Monthly) (MSFTI), the Department's NME Wage Rate for the PRC, the Department's factor–valuation memoranda from other NME proceedings, and publicly available financial statements, to value the factor of production (FOP). See Petitions at 24 and Supplemental Responses at Exhibit G. The petitioner converted the inputs valued in Indian rupees to U.S. dollars based on the average rupee/U.S. dollar exchange rate for the POI, as reported on the Department's website at http://ia.ita.doc.gov/exchange/index.html. See Supplemental Responses at 4 and Exhibits F and G.

For manganese dioxide ore, the main raw material in the production of EMD, the petitioner provided a surrogate value based on the input price paid by Eveready Industries India, Ltd. (Eveready India), an Indian

manufacturer of the subject merchandise, as reflected in Eveready India's 2006 financial statements. See Petitions at 24, footnote 47. For other inputs, *e.g.*, sulfuric acid, caustic soda, hydrogen sulfide, etc., the petitioner provided surrogate values based on pricing information from the World Trade Atlas. See Petitions at 24 and Supplemental Responses at Exhibits G and M. With regard to energy (electricity), the petitioner provided a surrogate value using the Department's *Factors of Production Valuation Memorandum for the Preliminary Results of Partial Rescission of the Fourth Antidumping Duty Administrative Review and Eighth New Shipper Review of Honey from the People's Republic of China* (December 21, 2006). See Petitions at Exhibit 21 and Supplemental Responses at Exhibit G. In addition, the petitioner provided a surrogate value for natural gas, a second energy source, using pricing information from the Gas Authority of India website. See Supplemental Responses at 5. Labor was valued using the expected wage rate for the PRC provided by the Department. See Petitions at 24 and Supplemental Responses at Exhibit G. Additionally, the petitioner explained that, where Indian surrogate values were not readily available and the costs of such factors were insignificant, it applied a ''zero'' value. See Petitions at 24 and Supplemental Responses at 5 and Exhibit G.

For the normal–value calculations, the petitioner derived the figures for FOH, SG&A, and profit from the financial ratios of Eveready India and Manganese Ore (India) Limited (MOIL), two Indian producers of merchandise that is either identical or similar to the domestic like product. The financial statements that the petitioner provided covered the period of April 2005 to March 2006. Additionally, the petitioner calculated a simple average of the two companies' financial ratios for purposes of the Petition. Further, because Eveready India did not earn a profit while MOIL earned a profit, the petitioner calculated normal value using the profit ratio of MOIL, not Eveready India. See Supplemental Responses at 7 and Exhibit G.

Since Eveready India's financial statement did not report a profit, we have determined not to use Eveready India in our calculation of surrogate financial ratios for purposes of this initiation. It is the Department's practice to disregard financial statements with zero profit when there are financial statements of other surrogate companies that have earned profit on the record. See *Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Final Results of the First Antidumping Administrative Review and First New Shipper Review* (signed on September 5, 2007; expected publication on September 12, 2007, in the **Federal Register**) and the Accompanying Issues and Decision Memorandum at Comment 2, section B. Based on our review of the information contained in the Petitions, we recalculated the surrogate financial ratios for the PRC using MOIL's financial information for material, labor, and energy (ML&E), FOH, SG&A, and profit. Although the petitioner calculated MOIL's financial ratios based on MOIL's consolidated financial statement, we calculated the ML&E, FOH, and profit ratios using the financial statement of MOIL's EMD division. Because MOIL did not have specific information regarding SG&A, we continued to use the consolidated financial statement to calculate the surrogate SG&A expense. We then calculated the profit ratio using the EMD division values for ML&E and FOH (*i.e.*, COM) plus the SG&A amount (calculated as the SG&A ratio times the COM), and the EMD division profit value. We did not make any other adjustment to the normal value as calculated by the petitioner.

Fair–Value Comparisons

Based on the data provided by the petitioner, there is reason to believe that imports of EMD from Australia and the PRC are being, or are likely to be, sold in the United States at less than fair value. Based on comparisons of export price to constructed value that we revised as discussed above and calculated in accordance with section 773(a)(4) of the Act, the estimated dumping margin for EMD from Australia is 52.94 percent. Based on comparisons of export price to normal value that we revised as discussed above and calculated in accordance with section 773(c) of the Act, the estimated dumping margin for EMD from the PRC is 133.76 percent.

Initiation of Antidumping Investigations

Based upon the examination of the Petitions on EMD from Australia and the PRC, we find that the Petitions meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of EMD from Australia and the PRC are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act and 19 CFR 351.205((b)(1), unless postponed, we will make our preliminary determinations no later than 140 days after the date of this initiation.

Separate Rates

The Department modified the process by which exporters and producers may obtain separate–rate status in NME investigations. See Policy Bulletin 05.1: Separate–Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non–Market Economy Countries (April 5, 2005) (*Separate Rates and Combination Rates Bulletin*), available on the Department's website at http://ia.ita.doc.gov/policy/bull05–1.pdf. The process requires the submission of a separate–rate status application. Based on our experience in processing the separate–rate applications in the following antidumping duty investigations, we have modified the application for this investigation to make it more administrable and easier for applicants to complete. *See, e.g., Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off–the-Road Tires from the People's Republic of China*, 72 FR 43591, 43594–95 (August 6, 2007) (*Tires from the PRC*). The specific requirements for submitting the separate–rate application in this investigation are outlined in detail in the application itself, which will be available on the Department's website at http://ia.ita.doc.gov/ia–highlights-and–news.html on the date of publication of this initiation notice in the **Federal Register**. The separate–rate application is due no later than November 9, 2007.

Respondent Selection and Quantity and Value Questionnaire

In prior NME investigations, it has been the Department's practice to request quantity and value information from all known exporters identified in the PRC Petition. See, *e.g., Tires from the PRC*, 72 FR at 43595. For this investigation, because the HTSUS number 2820.10.00.00, as discussed above in the ''Scope of the Investigation,'' provides comprehensive coverage of imports of EMD, the Department expects to select respondents in this investigation based on U.S. Customs and Border Protection (CBP) data of U.S. imports under HTSUS number 2820.10.00.00 during the POI.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The

Separate Rates and Combination Rates Bulletin, at 6, explains that, while continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the POI. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the POI. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non–investigated firms receiving the weighted–average of the individually calculated rates. This practice is referred to as the application of ''combination rates'' because such rates apply to specific combinations of exporters and one or more producers. The cash–deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the POI.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the Petitions has been provided to representatives of the governments of Australia and the PRC. We will attempt to provide a copy of the public version of the Petitions to all exporters named in the Petitions, as provided for in 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will preliminarily determine no later than October 9, 2007, whether there is a reasonable indication that imports of EMD from Australia and the PRC are materially injuring or threatening material injury to a U.S. industry. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: September 11, 2007.

Joseph A. Spetrini,

Deputy Assistant Secretary for Import Administration.

[FR Doc. E7–18257 Filed 9–14–07; 8:45 am]

BILLING CODE 3510–DS–S